

## Message Text

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PAGE 01 TRIPOL 00480 111519Z

44-40

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 L-03 COME-00 /021 W

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R 111305Z APR 76

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 3152

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E.O. 11652: N/A

TAGS: BDIS

SUBJECT: STATUS DIAMOND LEASING AIRCRAFT

REF: NEA/AFN MEMO OF MARCH 24, 1976

1. EMBASSY HAS NO RECENT FILE ON PROBLEM SIX DC-3 AIRCRAFT SOUGHT BY DIAMOND LEASING CORPORATION. HOWEVER, WE REVIEWED CASE WITH PROFESSOR Y. NAWAR, AN EGYPTIAN WHO OWNS INTERNATIONAL ACCOUNTING FIRM WITH TRIPOLI OFFICES. NAWAR WAS APPOINTED "LIQUIDATOR" IN 1972 FOR DISOLVED LIBYAN AVIATION COMPANY LIMITED, (LAVCO) A LIBYAN REGISTERED FIRM OPERATED BY AMERICANS, WHICH HAD LEASED AIRCRAFT FROM DIAMOND. PROFESSOR NAWAR SAYS HE LAST REVIEWED CASE WITH DIAMOND LEASING PRESIDENT HILL IN LOS ANGELES IN 1974. NAWAR ALSO DISCUSSED CASE WITH STATE AND COMMERCE OFFICERS IN WASHINGTON IN 1973.

2. ACCORDING NAWAR THE LIBYAN AVIATION COMPANY LIMITED (LAVCO), AN OIL FIELD AVIATION SERVICE FIRM WHICH WAS OPERATED BY MESSRS. MCCARTHY, KOCHENDERFER, AND REICHERT, LEASED AIRCRAFT FROM DIAMOND THROUGH A RELATED CALIFORNIA-BASED (BUT SWISS REGISTERED) FIRM, INTERNATIONAL AVIATION DEVELOPMENT COMPANY (IADCO). LAVCO WAS VOLUNTARILY DISOLVED IN 1972 AND NAWAR WAS APPOINTED ITS "LIQUIDATOR". EXPORT OF THE SIX DEC-3 AIRCRAFT OWNED BY DIAMOND WAS NOT PERMITTED BY LARG AUTHORITIES PENDING SETTLEMENT DEBT 26,000 LDS

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PAGE 02 TRIPOL 00480 111519Z

OWED LIBYAN BREGA OIL DISTRIBUTION COMPANY BY LAVCO AND PAYMENT

TAXES DUE LARG FROM BOTH LAVCO AND DIAMOND LEASING.

3. NAWAR SAYS AIRCRAFT WILL NOT BE RELEASED UNTIL DEBTS SETTLED. HE AGREES THAT CONDITION OF AIRCRAFT MAY HAVE DETERIORATED TO POINT WHERE THEIR EXPORT WOULD BE OF NO INTEREST TO DIAMOND LEASING; HOWEVER, NAWAR FEELS THAT LAVCO, IADCO AND DIAMOND LEASING HAVE JOINT OBLIGATION TO MEET WHAT HE CONSIDERS LEGITIMATE DEBTS WHETHER AIRCRAFT ABANDONED HERE OR EVENTUALLY EXPORTED FROM LIBYA. HE FEELS DIAMOND'S MINIMUM OBLIGATION UNDER LIBYAN LAW IS TAX DUE ON SUMS OBTAINED BY COMPANY FOR LEASE OF AIRCRAFT IN 1971 AND 1972.

4. NAWAR SUGGESTS TWO POSSIBLE MEANS OF RESOLVING DISPUTE: A) DIAMOND OR ALL PARTIES JOINTLY , DEPOSIT IRREVOCABLE, DIVISIBLE BANK GUARANTEE ON BASIS OF WHICH HE WOULD ATTEMPT NEGOTIATE AMICABLE SETTLEMENT. B) THAT HE BE AUTHORIZED NEGOTIATE SALE OF AIRCRAFT IN LIBYA AS PART OF PACKAGE DEAL WHICH WOULD INCLUDE SETTLEMENT OF DEBTS.

5. NAWAR IS IN DIRECT CONTACT WITH HILL AND OTHER PARTIES TO THE DISPUTE. HE PROVIDED EMBOFF WITH COPY HIS MARCH 9 REPLY TO HILL'S LETTER OF FEBRUARY 17 WHICH SETS FORTH CURRENT STATUS OF CASE FROM NAWAR' PERSPECTIVE. (COPY WILL BE POUCHED NEA/AFN.)  
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